

Executive Summary Report

Appraisal Date 1/1/02 – 2002 Assessment Roll

Specialty Name: Gas Stations

Previous Physical Inspection: April through May 2001.

Sales – The Market Approach was not used. We were unable to verify that sales represented only the purchase of real property

Income – The Income Approach was not used. Income was considered but it was felt that the cost approach was the best indicator of value.

Population - Parcel Summary Data:

	<u>Land</u>	<u>Imp</u>	<u>Total</u>
2001 Value:	\$195,994,700	\$186,296,175	\$382,290,875
2002 Value:	\$211,481,200	\$204,460,075	\$415,941,275
Percent Change:	+7.9%	+9.7%	+8.8%

2001 Total Assessed Value: \$382,290,875

2002 Total Assessed Value: \$415,941,275

Number of Improved Parcels in the Population: 528

Conclusion and Recommendation:

Since the values recommended in this report improve uniformity and equity, I recommend posting them for the 2002 Assessment Roll.

Executive Summary Report

Appraisal Date 1/1/02 - 2002 Assessment Roll

Specialty Name: Contaminated Property

Previous Physical Inspection: April and May of 2001. All contaminated properties are inspected annually.

Sales – The Market Approach was not used. All contaminated property is unique and sales reflect a unique sales price adjustment for remediation liability and/or market stigma.

Income – The Income Approach is used on a very small number of properties where the contaminated property requires a “value-in-use” appraisal.

Population -Average Parcel Summary Data:

	<u>Land</u>
2001 Full Market Value:	\$101,141,800
2002 Full Market Value:	\$159,744,600
2001 Assessed Value for Contaminated Property	\$ 43,245,500
2002 Assessed Value for Contaminated Property	\$ 70,869,400
AV Change from 2001 to 2002	+57%
Percent Change From Contamination for 2001:	-56%
2001 Loss in AV from Contamination:	\$ 57,896,300
2002 Loss in AV from Contamination:	\$ 88,875,200

Number of Parcels in the Population: 104

Conclusion and Recommendation:

Since the values recommended in this report improve uniformity and equity, I recommend posting them for the 2002 Assessment Roll.

Responsible Appraiser

The following Appraiser did the valuations of these specialties:



Alan Hashimoto, Commercial Appraiser

Highest and Best Use Analysis

As if vacant: Market analysis of the gas stations in King County, together with current zoning and current anticipated use patterns, indicate the highest and best of the majority of the appraised parcels as commercial use. Any opinion not consistent with this is specifically noted in the records and considered in the valuation of the specific parcel

As if improved: Based on gas station trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. I find that the current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a nominal value of \$1,000 is assigned to the improvements.

Standards and Measurement of Data Accuracy: Current data was verified and corrected when necessary via field inspection.

Special Assumptions, Departures and Limiting Conditions

The following Departmental guidelines were considered and adhered to:



This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Gas station appraisals and contaminated property valuations were performed in all areas of King County. Twenty percent of the gas station population and 100% of the contaminated properties were inspected between March and May of 2001.

Name or Designation

Area 410: Gas Stations
Contaminated Property

Maps: Assessor's maps are located on the 7th floor of the King County Administration Building.

Change in assessed value from previous roll: Gas Stations

2001 total:	\$382,290,875
2002 total:	\$415,941,275
A change of	+8.8%

Change in assessed value: Contaminated Property

Full Market 2002 Value:	\$159,744,600
Contaminated 2002 Value:	\$ 70,869,400
A change of :	-56%
AV change from 2001 to 2002 Full Market Value:	+57%

Scope of Data

Land Value Data:

The geographic appraiser in the area in which the specialty property is located is responsible for the land value used by the specialty appraiser. See appropriate area reports for land valuation discussion.

Improved Parcel Total Values:

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the Western region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application.





Gas Stations

The following is a description of the data considered and stratifications recognized in the 2001 cost estimates for the gas station specialty.

There are basically three types of retail which sell gasoline. The old style service station which has service bays, air compressor, hoists, etc., the convenience store (CS) with gas and the gas station only which has numerous Multi-Product Dispensers (MPD's) and a small kiosk. The old style service stations that have not been remodeled with a snack shop or C-Store have the greatest obsolescence and are at the bottom of the market. The very large C-Stores with gas and numerous MPD's are at the high end. More profit centers (C-Store, gas, espresso, hot food, car wash, truck rental, rental areas, etc.) with greater profits create greater value.

Buildings:

The cost approach has been utilized to appraise gas stations. The subject accounts in King County have been inspected and stratified according to building quality:



-  Excellent-Best steel, brick or masonry, high volume area, best workmanship with good finish, best materials, HVAC.
-  Good-Good steel, brick w/sash and large overhangs, ranch or suburban style, good quality materials.
-  Average-Average painted steel or cement block, small overhangs, small office. Average quality materials throughout.
-  Low Cost-Painted steel, inexpensive sash, doors and gates, usually older with low cost materials used.

Car washes in separate buildings were valued by the Marshall & Swift automated cost modeling system. All car wash equipment is personal property.

The Personal Property Division also assesses compressors, pumps, MPD's, signage, hoists, tools, furniture and fixtures.

Accessory Improvements:

The valuation of accessory improvements (AI's) relates to the construction quality of the subject building. AI's are stratified according to quantity and quality. Therefore an Excellent quality building will generally have Type I accessory improvements, a Good quality building will have Type II AI's, an average quality building will have Type III AI's and a Low cost building will have Type IV AI's. The value of AI's also relates to the number of filling stations and the size of the lot. Marshall Valuation Service indicates that the lives of such improvements are 15 to 25 years.

-  Type I Best quality components throughout. \$300,000 - \$400,000
-  Type II Good quality components throughout. \$200,000 - \$300,000

- ✚ Type III Average quality components throughout. \$100,000 - \$200,000
- ✚ Type IV Low cost components throughout. \$10,000 - \$100,000

Example:

Service Station Accessory Improvements: Type II Good Quality Cost New

Tanks	10,000 gal.	\$35,000
	15,000 gal.	50,000
	20,000 gal.	65,000
Islands		20,000
Paving (including curbs & cutouts)		25,000
Lighting		8,000
Sign Pole		3,000
Canopy	1500 sqft	35,000
	2500 sqft	55,000
Piping & Wiring		40,000

Accessory improvements are labeled as Type I – IV in the accessory improvement section of the Real Property database. The value contribution of the accessory package was flat valued according to the indicated value range for the category type and included in the total cost estimate for the service station.

Cost calibration

The Marshall & Swift cost-modeling system built into the Real Property Application is calibrated to this region and the Seattle area.

Contaminated Property

The IAAO defines contamination: “In assessment usage, contamination is any recognizable physical or nonphysical environmental influence that must be considered to determine value.”²

The appraiser of contaminated property takes into consideration all financial liability, time influence and market stigma of the subject to arrive at a proper value. The application of proper methodology results in equitable valuations of property as affected by contamination.

Contaminated properties in King County are designated by required documentation received from the property owner. The total cost of the financial liability created by the contamination is considered in the assessed value.

Please see Procedure J225.01 in the addendum for procedures and methodologies.

² IAAO Standard on the Valuation of Property Affected by Environmental Contamination, June, 2001, p6.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust of particular characteristics and conditions as they occur in the valuation area.

USPAP Compliance

Client and Intended Use of the Appraisal:

*This summary mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a **summary mass appraisal report** as stated in USPAP SR 6-7. To fully understand this report the reader may need to refer to the Assessor's Property Record Cards, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.*

The purpose of this report is to explain and document the methods, data and analysis used in revaluation of King County. King County is on a six year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The revaluation is subject to their periodic review.

Definition and date of value estimate:

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65) . . . or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

Highest and Best Use

WAC 458-12-330 **REAL PROPERTY VALUATION—HIGHEST AND BEST USE.**

All property, unless otherwise provided by statute, shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which

a property can be put. It is the use which will yield the highest return on the owner's investment. Uses which are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in estimating the highest and best use.

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)

Date of Value Estimate

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]

Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date a valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.

Property rights appraised:

Fee Simple

The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Special assumptions and limiting conditions:

That no opinion as to title is rendered. Data on ownership and the legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions unless shown on the maps or property record

cards. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

That rental areas herein discussed have been calculated in accord with standards developed by the American Standards Association as included in Real Estate Appraisal Terminology.

That the projections included in this report are utilized to assist in the valuation process and are based on current market conditions, anticipated short term supply and demand factors, and a continued stable economy. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.

That no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

That the appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in our analysis to any potential diminution in value should such hazardous materials be found. We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.

That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.

That maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

Exterior inspections were made of all properties however, due to lack of access few received interior inspections.

The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.

We appraise fee simple interest in every property. Unless shown on the Assessor's parcel maps, we do not consider easements as adversely affecting property value.

We have attempted to segregate personal property from the real estate in our appraisals.

We have not appraised movable equipment or fixtures as part of the real estate. We have appraised identifiable permanently fixed equipment with the real estate in accordance with RCW 84.04.090 and WAC 458-12-010.

We have considered the effect of value of those anticipated public and private improvements of which we have common knowledge. We can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.

The appraisers have no personal interest or bias toward any properties that they appraise.

Departure Provisions:

Which if any USPAP Standards Rules were departed from or exempted by the Jurisdictional Exception

SR 6-2 (g)

The assessor has no access to title reports and other documents. Because of budget limitations we did not research such items as easements, restrictions , encumbrances, leases, reservations , covenants, contracts, declarations and special assessments. The mass appraisal must be completed in the time limits as indicated in the Revaluation Plan and as budgeted.